

Sanctions and Export Controls Compliance Policy

1. Objective and applicability

- 1.1. Consistent with our commitment to comply with all applicable laws, HES and all wholly-owned or controlled direct and indirect subsidiaries of HES are required to comply with Sanctions and Export Controls laws applicable to its operations and personnel. These include EU, Dutch, UK and U.S. Sanctions and Export Controls laws.
- 1.2. This Policy is aimed at ensuring that HES Personnel are aware of Sanctions and Export Controls laws that may apply to them and take necessary steps to ensure compliance therewith, and sets out how HES complies with applicable Sanctions and Export Controls laws. The Policy applies to HES, its subsidiary companies, their activities, as well as their personnel. In any country or region where the requirements of applicable law(s), directives or practices establish a higher standard, HES must meet those standards. Individual businesses may supplement these procedures with any additional requirements they wish to put in place.
- 1.3. HES will ensure that this Policy, or a policy with similar standards, is applicable to joint ventures in which HES holds a minority interest.
- 1.4. Annexes to this Policy:
 - Annex A: Standard Contract Clause
 - Annex B: False Positive Review Form
 - Annex C: Reporting Form
- 1.5. Other policies related to this Policy:
 - Code of Conduct
 - Third Party Engagement Policy
 - Recusal Policy

TERM	DEFINITION
Embargoed Country or Countries	Any country or territory that is, or whose government is, subject to comprehensive Sanctions imposed by the US (currently Cuba, Iran, North Korea, the Crimea region of Ukraine, Syria), EU or any relevant EU Member State.
Export Controls	The laws and regulations of the EU, the Netherlands, any other EU Member State, the U.K., the U.S., and other applicable jurisdiction, regulating the trade, sale, supply, transfer, transit, brokering, export and/or re-export of certain goods, technologies and software.
False Positive	Screening process results in incorrect identification as a match to a Sanctioned Party.
HES	HES International and all wholly-owned or controlled direct and indirect subsidiaries of HES International, as well as joint ventures in which HES holds a majority interest.
HES Personnel	Any board of directors member, officer, employee, or independent contractor of HES and its group companies and majority joint ventures.
Nominator	The employee who owns the relationship with a Third Party or a prospective Third Party and/or who has day-to-day contact with a Third Party.
OFAC	U.S. Department of Treasury's Office of Foreign Assets Control
Recusal Policy	HES Recusal Policy on the recusal of individuals in specific situations of varying and/or contradicting applicable sanctions programs.
Restricted Transaction	A potential or actual transaction, investment, merger, acquisition, customer relationship, dealing, or activity that is prohibited or restricted by one or more Sanctions absent authorization.
Sanctions	<p>The sanctions laws, regulations, embargoes or restrictive measures against a country, government, person, entity, business or (partially owned or controlled) business, enacted, administered, or enforced by</p> <ul style="list-style-type: none"> • the EU; • the Netherlands; • any other EU Member State; • the UK;

	<ul style="list-style-type: none"> • the United States, including sanctions administered by OFAC or the U.S. Department of State, pursuant to the Foreign Assets Control Regulations (31 C.F.R. Parts 500-599) and other laws and regulations; • the United Nations Security Council; or • other jurisdictions, to the extent applicable, or the respective governmental authorities of any of the foregoing, including without limitation, the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), the U.S. Department of State’s Directorate of Defense Trade Controls, the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”), and the Council of the EU.
<p>Sanctioned Party or Sanctioned Parties</p>	<p>A. Any individual, entity or vessel that is listed on any of the following sanctions lists:</p> <ol style="list-style-type: none"> 1. the United Nations Security Council’s “Consolidated United Nations Security Council Sanctions List”; 2. OFAC List of Specially Designated Nationals and Blocked Persons (SDN List), Foreign Sanctions Evaders List (FSE List), or Sectoral Sanctions Identifications List (SSI List); 3. the U.S. Commerce Department BIS’s Entity List, or Unverified List and Denied Persons List; or the U.S. Department of State’s lists of individuals and entities that have been designated pursuant to sanctions and/or non-proliferation statutes that it administers, as well as related executive orders; 4. the European Commission’s “Consolidated list of persons, groups and entities subject to EU financial sanctions” or individuals or entities that are listed in Annexes III, V or VI to EU Council Regulation 833/2014 (as amended); or 5. any other applicable sanctions list maintained by any of the competent sanctions authorities with prohibitions similar to the foregoing. <p>B. Any person, entity or vessel that is 50% or more owned or controlled, directly or indirectly, by any person (or persons in aggregate) identified in A. to the extent that such ownership or control results in such person being subject to the same restrictions as if such person were included in the corresponding list specified in A. or results in dealings with such person being deemed to be for the benefit of a person included in the corresponding list specified in A.</p> <p>C. Any individual or entity that is located, organized, or resident in an Embargoed Country and any vessel that is registered in an Embargoed Country or owned or controlled by an individual or entity that is located, organized, or resident in an Embargoed Country.</p> <p>D. Any individual, entity or vessel that is otherwise the target of Sanctions.</p>

	E. Any individual or entity that is acting for or on behalf of any of the persons identified above.
Third Party	Any individual not employed by HES and/or any entity not owned or controlled by HES, that provides services or goods to HES or on behalf of HES or engages in business activities with HES or HES Personnel.

2. Overview of Sanctions and Export Controls

- 2.1. As a result of the international nature of our business, the transactions we undertake and the Third Parties we do business with, could be subject to national and international trade control regulations. Trade control regulations consist of Sanctions and Export Controls.

Sanctions

- 2.2. Sanctions are imposed by the EU, the Netherlands, other EU Member States, the UK, the US, the UN and other countries and international organisations against certain countries, governments, natural persons, legal entities, companies and/or their assets, vessels, properties or companies owned and controlled by them.
- 2.3. Sanctions are generally imposed for foreign policy, humanitarian, anti-terrorism, security, weapons non-proliferation and/or human rights reasons, and to try to encourage particular countries, regimes, individuals or entities to change their behaviour.
- 2.4. Sanctions laws are complex, subject to rapid and unpredictable change, and not always consistent with one another. Sanctioned Parties can change from time to time. Furthermore, not all Sanctioned Parties appear on sanctions and restricted party lists. Parties or businesses of which at least 50% ownership lies with listed parties or whom are controlled by listed parties can themselves become Sanctioned Parties.
- 2.5. Sanctions may restrict a wide range of activities, including investments, mergers and acquisitions, financial transactions, trade transactions, and other activities involving Sanctioned Parties, countries and products.
- 2.6. This Policy sets out further detail in respect of sanctions imposed by the EU and sanctions imposed by the US. However, HES Personnel should be aware that other sanctions laws and regulations may apply to a particular transaction or business dealing and it is therefore vital that appropriate legal advice is obtained (with the support of the Chief Compliance Officer where required).

EU Sanctions

- 2.7. As a Netherlands incorporated company, HES is subject to EU and Dutch Sanctions and Export Controls laws. HES' group companies in the EU are also subject to EU Sanctions and Export Controls laws and the relevant national laws of their respective countries.
- 2.8. Examples of countries against which the EU have imposed sanctions in the last decades are Crimea region in Ukraine/Russia, Iran, North Korea and Syria. More limited sanctions regimes also apply to individuals located in countries such as Egypt, Libya and Yemen.
- 2.9. EU sanctions are enforced at EU Member State level by the relevant competent authorities of each Member State. Penalties for non-compliance are a matter of local law in each EU Member State. Many Member States impose criminal penalties for certain breaches (which can include fines and/or imprisonment). Administrative penalties are also imposed (generally for less serious offences) which typically can also result in fines.
- 2.10. A map of (and links to) all EU Sanctions is available [here](#). The EU has designated numerous individuals, companies, governmental bodies and organisations as Sanctioned Parties. A consolidated version of the EU list of Sanctioned Parties can be accessed via the following [link](#).

U.S. Sanctions

- 2.11. OFAC is responsible for administering and enforcing U.S. trade and economic sanctions. OFAC generally has jurisdiction over "U.S. Persons".
- 2.12. As HES is 50% owned and controlled by a U.S. Person, HES is fully committed to complying with U.S. Sanctions. Sanctions imposed by the U.S. are generally broader in scope than EU Sanctions and assume wide U.S. jurisdiction.
- 2.13. Sanctions programs implemented by the U.S. also apply to (i) transactions involving U.S. origin goods, software, or technology, or foreign-made goods, software, or technology with certain U.S. content and (ii) transactions in U.S. dollars that involve the U.S. financial system.
- 2.14. Examples of countries against which the US have imposed comprehensive sanctions in the last decades are Iran, Cuba, Crimea region in Ukraine/Russia, Sudan, Venezuela, Iraq, DRC, North Korea and Syria. An overview of U.S. Sanctions is available [here](#).

Export Controls

- 2.15. Export Controls are applicable to the sale, supply, transfer, transit, brokering, export and/or re-export of products and/or technology and/or software identified as controlled items in these laws and regulations due to their suitability for both civilian and military use (dual use items) or because they have been specially designed or modified for military use (military items).

- 2.16. These laws and regulations include but are not limited to, for dual use items, those administered by the [EU Dual-Use Regulation 428/2009 \(as amended\)](#), and, for dual use items made in the U.S. or containing more than 'de minimis' (by value) U.S. content, those administered by the U.S. Commerce Department's Bureau of Industry and Security (BIS) under its [Export Administration Regulations](#).
- 2.17. Export Controls may pose restrictions and/or licensing requirements in respect of the sale, supply, transfer, transit, brokering, export or re-export of certain goods and/or technology, as well as the provision of certain types of assistance and services.
- 2.18. These restrictions generally apply to trade with Sanctioned Parties.

3. Compliance with applicable Sanctions and Export Controls

HES' business operations

- 3.1. HES stores various dry bulk and liquid bulk products, owned by clients incorporated, located, and/or active all over the world. This involves the risk that our clients could be subject to Sanctions or Export Controls or listed on any of the sanctions lists.
- 3.2. There is also a risk that the products stored by HES could be subject to trade control regulations, such as Sanctions or Export Controls (for example, if HES stores products originating from Embargoed Countries such as Iran or Cuba). HES stores products such as (crude) oils, oil products, ores, coal, bio mass, grains originating from and destined for locations all over the world.
- 3.3. Given HES' locations and capacity, sea vessels call ports at HES every day. Therefore, it is likely that HES comes across vessels that are Sanctioned Parties.

Policy

- 3.4. Consistent with our commitment to comply with all applicable laws, HES and HES Personnel are required to comply with Sanctions and Export Controls applicable to its operations and personnel. These include EU, Dutch, UK, UN and U.S. Sanctions and Export Controls.
- 3.5. It is not permitted for HES and HES Personnel to have any commercial or financial dealings that are subject to Sanctions. This includes dealings with Sanctioned Parties, Embargoed Countries, companies (partially) owned or controlled by those Sanctioned Parties as well as Restricted Transactions.

Embargoed Countries

- 3.6. HES and HES Personnel are prohibited from engaging in any customer relationship, transactions, or business with or involving Embargoed Countries (including the storage of products originating from any Embargoed Countries). For example, this prohibition applies to any transactions or dealings involving:
- customers or parties located, based, or incorporated in Embargoed Countries;
 - the governments of Embargoed Countries; and
 - any persons or entities owned or controlled by, or acting for or on behalf of, the governments of Embargoed Countries.

Sanctioned Parties

- 3.7. HES and HES Personnel are prohibited from engaging in any customer relationship, transaction, dealing, or business activity that directly or indirectly involves or benefits a Sanctioned Party, without any exceptions.

Restricted Transactions

- 3.8. HES and HES Personnel are prohibited from engaging in any Restricted Transaction.
- 3.9. There may be very limited exceptions where a license can be obtained, other authorisation exists, or a specific employee should or could be recused in order to ensure compliance, but this should be assessed under exceptional circumstances and on a case-by-case base only.

Export Controls

- 3.10. Generally speaking, we do not expect the products that HES subsidiaries handle to be subject to Export Controls laws, apart from customs. Our customer contracts stipulate that our customers must notify us if their products are subject to Export Controls laws. Some of the equipment and/or software HES subsidiaries use may be subject to Export Controls laws. HES' Third Party Engagement Policy requires us to confirm with our suppliers whether that is the case.
- 3.11. If you intend to:
- purchase equipment or software please contact ([local procurement]);
 - to sell, transfer, export or re-export equipment or software, please contact ([local customs manager]).

4. Screening and escalation procedure

Screening

- 4.1. Sanctions screening is the primary control implemented by HES to detect, prevent and mitigate risks related to Sanctions and Export Controls. Sanctions screening is the practice of reviewing business activities or transactions in order to identify the involvement of Sanctioned Parties, Embargoed Countries, Restricted Transactions or prohibited purposes, and is essential to complying with this Policy. This Policy has been aligned with the *Sanctions Screening Guidance* provided by the The Wolfsberg Group. The screening process has been developed on a risk based approach and taking into account HES' business operations.
- 4.2. Depending on the business activity, sanctions screening includes a review of inter alia the following parties against applicable sanctions lists, including all UN, EU, Dutch, UK, EU Member States in which HES is active, and US sanctions and export control lists, to ensure that none qualifies as a Sanctioned Party:
 - customers and other Third Parties, and their affiliates, that are a counterparty to a transaction, and each of their ultimate beneficial owners and controllers;
 - specific ultimate end-users or customers, if known;
 - third parties involved (e.g. agents, distributors, financial institutions involved in a transaction);
 - vessels (names, IMO), if relevant to the transaction;
 - HES Personnel and contractors;
 - information re. geography of parties above (e.g. addresses, countries, relevant places to supply chain, country of origin of goods).
- 4.3. HES must assess what sanctions risk factors and exposure it could encounter during its course of business (e.g. jurisdictions/geography, type of services and products, customers and other third parties).
- 4.4. HES conducts sanctions screening through use of a specialised third party software application (Integration Point). This includes screening of party names against the relevant sanctions lists, in any case the lists referred to in the definition of Sanctioned Party.
- 4.5. The initial screening of Third Parties prior to their engagement by HES is described in more detail in the Third Party Engagement Policy. Potential Third Parties will be screened using Integration Point, also enabling ongoing monitoring of customers (e.g. multiple vessels, changes in identity or location of customer, or changes in sanctions lists).
- 4.6. Any Third Party will be screened through Integration Point by the local compliance officer, supported by the Nominator who ensures sufficient and correct information on the Third Party.

Any direct or indirect owners or controllers of the potential customer legal entity identified in that report will (also) be screened through Integration Point.

- 4.7. Sanctions screening must be conducted both before entering into any new business activity, business relation and/or transaction, as well as during the life cycle of a business relation or activity. This means that sanctions screening must be repeated on a regular basis.

A specific example relevant HES' operation is when a customer – during the life cycle of contract – nominates a vessel to arrive at HES. Such new information on the nominated vessel must be screened using Integration Point.

- 4.8. The automated screening by Integration Point enables screening to continue during the life cycle of a business relation/activity, as it flags any relevant changes in screening parameters, after a party has successfully undergone initial screening. Integration Point runs daily searches against historic data.
- 4.9. This way, ongoing monitoring is safeguarded and HES Personnel can act on any relevant changes, prior to, for example, processing a payment to a party that was initially no Sanctioned Party. Using Integration Point also automates record keeping.
- 4.10. With automated sanctions screening, the importance of the data input increases. Screening during the life cycle of a business relation or activity depends on the parameters related to that relation or activity.

Screening and escalation procedure

- 4.11. The screening will be carried out by the local compliance officer, supported by the Nominator, who shall acquire the relevant information on the business activity and related Third Parties as set out above.
- 4.12. After using the screening tool, the local compliance officer shall review the screening results to confirm whether any of the involved factors have generated an alert. A generated alert in itself does not have to result in an indication of sanctions risk, but is the start of detecting a risk.
- 4.13. Depending on the results of the screening process, the local compliance officer shall follow the escalation procedure as set out below.

No match

- 4.14. If the screening process does not result in any matches, either the remaining procedure pursuant to the Third Party Engagement Policy can be executed, or business relation with the existing Third Party can be continued. In any case, the contract with the Third Party must include the standard contract clause in respect of Sanctions and Export Controls. Please refer to Annex A – Template Standard Contract Clause.

False Positive

- 4.15. The matches resulting from the screening process can turn out to be a close match (generally referred to as False Positive) rather than an exact match. A False Positive can be caused either due to the common nature of the name or due to ambiguous identifying data, which on further examination prove not to be an exact match.
- 4.16. Such further examination involves reviewing details about the individual or entity's identity as against the details included on the relevant sanctions list. For individuals this includes their full legal name and date of birth by requesting copies of documents, or for entities this includes obtaining official incorporation status, and screening against their registered address and date of incorporation.
- 4.17. Any potential match against a screening list, being a False Positive or not, and/or other red flags or concerns will be escalated to the Chief Compliance Officer for a final decision regarding whether or not the contemplated transaction or contract can proceed, using the False Positive Review Form (Annex B).
- 4.18. Any activities involving the party at issue must be placed on hold until it is determined whether the hit is a true match or a false positive.
- 4.19. Any request to omit or conceal names, addresses or other information relating to possible Sanctioned Parties in transaction records or other commercial documents should be rejected and reported to the Chief Compliance Officer.

True match

- 4.20. If a true match is identified, HES must not engage or transact with the party in question unless express written approval has been provided by the Chief Compliance Officer, and only then in accordance with the express terms of that approval. The Chief Compliance Officer determines whether the proposed activity can proceed in compliance with applicable Sanctions, taking legal advice where appropriate.
- 4.21. Any questions about this process or in cases of doubt concerning sanctions should be directed to the Chief Compliance Officer.

5. Compliance obligations and audits

Actions by HES

- 5.1. HES conducts self-assessments and audits to ensure that its sanctions compliance program - including this Policy and related procedures, training and reporting - are effective in preventing and identifying potential violations of this Policy and related procedures, as well as Sanctions. These

reviews may be conducted as part of HES' regular internal audit cycle and coordinated with other aspects of its audit of processes for compliance with other regulations and policies, or these reviews may be conducted annually and independently of other HES audits.

- 5.2. Where such an audit takes place, HES Personnel shall provide all relevant information in an honest, complete and prompt manner and co-operate fully with the auditor.
- 5.3. The results of each audit shall be presented to the Chief Compliance Officer in the form of a report which shall include the auditor's findings and recommendations, if any, for improving compliance with this policy. The Chief Compliance Officer shall promptly implement any such recommendations and report on progress in respect of the same to the Chief Compliance Officer.
- 5.4. The Chief Compliance Officer will consult outside legal counsel regarding any suspected violations of Sanctions identified through the audit process. Suspected violations will be investigated and corrective actions taken.

Actions by HES Personnel

- 5.5. It is mandatory for HES Personnel to read, understand, comply with, and safeguard HES' compliance with this Policy. None of the provisions of this Policy may be waived or amended without the prior review, determination, and approval of the Chief Compliance Officer.
- 5.6. Where any questions arise regarding this policy or whether a proposed transaction, activity, or dealing complies with this policy, it is your responsibility to take steps necessary to ensure compliance, including by seeking advice and guidance by contacting the Chief Compliance Officer.

Reporting misconduct

- 5.7. Moreover, if HES Personnel has or acquires any knowledge or suspicion on a potential or actual breach of Sanctions, an immediate report to the Chief Compliance Officer must be made. Such a report can be made either by using the Whistleblower Hotline (in this respect we refer to the Whistleblower Policy, or by filling in and sending in Annex C Reporting Form via e-mail to the Chief Compliance Officer. You could then be requested to provide additional relevant information on the matter.
- 5.8. The Chief Compliance Officer will review the report and take necessary action, to the extent necessary in joint effort with the Chief Compliance Officer.

Reporting obligations to regulators

- 5.9. HES may have obligations under certain the sanctions regimes to report to regulators. Therefore, any transactions and/or dealings which are declined due to Sanctions have to be reported, using the Reporting Form (Annex C) to the Chief Compliance Officer to assess HES' applicable reporting obligations.

6. Training

- 6.1. To support ongoing compliance with this policy, HES will provide an awareness training to HES Personnel related to compliance with this policy. Chief Compliance Officer will also receive targeted training on due diligence and screening procedures. HES Personnel who are invited to take part in the training must attend and a record of attendance will be taken.
- 6.2. This training will be updated periodically as appropriate by Chief Compliance Officer in line with changes to relevant Sanctions and Export Controls.
- 6.3. The training records and materials will be made accessible to HES Personnel through an online portal.

7. Books and records

- 7.1. HES will retain all records related to compliance with Sanctions and Export Controls for a minimum of seven (7) years from the date of the transaction to which the records pertain, including, but not limited to:
 - screening and due diligence records, including confirmation that sanctions screening has taken place (e.g. system notes or audit trails along with details of the information screened, and where required, verified), and confirmation of the same each time re-screening takes place;
 - screening “hit” determinations/ resolutions, including records showing how a potential match was determined to be a False Positive or a true match, including any communications with the third parties involved;
 - records showing action taken when a potential or true match has been identified;
 - records showing action taken in response to any updates of the relevant lists of Sanctioned Parties;
 - licences issued by the relevant authorities and any other communications with the same;
 - action taken in relation to any actual or suspected breaches of Sanctions or this policy; and
 - records showing compliance training presentations and participant logs and policy audit records.
- 7.2. In all cases, it is important to record the reasons for decisions taken, such as the risk factors and operational issues considered, so that there is an audit trail and decisions can be explained at a later date if required.

- 7.3. These records will be maintained safely and organized in a manner that HES can access and review easily, and in such a way that they can be provided easily and accurately in response to a request from an appropriate government authority.
- 7.4. HES personnel must obtain written permission from the Chief Compliance Officer before discarding or destroying records subject to this policy within seven (7) years of the completion of the transaction.

8. Review of this Policy

- 8.1. This Policy shall be reviewed every year, or at any earlier moment if necessary, and updated if required by the Chief Compliance Officer.

9. Disciplinary actions for violations of this policy

- 9.1. Any person who violates this policy may be subject to appropriate disciplinary action, including potential termination of his or her employment with HES.
- 9.2. In addition to such disciplinary action, certain conduct in violation of this policy also could give rise to criminal or civil penalties and/or imprisonment of individuals responsible for such conduct that are imposed by relevant governmental authorities under applicable laws of relevant jurisdictions.

10. Responsibilities

Task	All departments	Local CO	CCO
Policy rules	E	E	E
Due diligence (screening and assessing results)	I	S, A	S, A
Escalation	I	I, A, S	S, A
Monitoring and reporting on misconduct	E	E, S	E, S, A
Audit	I	I	E, A
Record keeping	E	E	E
<i>E = execute; I = informing; A = assess; S = supporting and/or stepping in</i>			

11. Non-retaliation policy

- 11.1. No HES Personnel will suffer adverse consequences for following this policy or taking steps necessary to ensure compliance with its provisions.
- 11.2. Further, no HES Personnel will suffer retaliation or other adverse consequences for providing information in good faith relating to an actual or suspected violation of Sanctions or this policy. HES will not tolerate any retaliation against persons asking questions about or making good faith reports of possible violations of Sanctions or this policy. Anyone who retaliates or attempts to retaliate will be subject to discipline up to and including termination.

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Annex A

Template Standard Contract Clause(s)

This Annex includes a standard contract clause that governs compliance with Sanctions and Export Controls, Anti-Bribery and Corruption, Anti-Money Laundering and Competition. This clause must be included in every contract with a Third Party in order to ensure a certain level of compliance undertaken by the Third Party and to include safeguards for HES against potential non-compliance by that Third Party.

Together with the contract clause, standardised terms must be included in the corresponding contract with the Third Party. Please consider whether these standardised terms are to apply to the agreement as a whole, or solely to the compliance clauses in this Annex.

Termination possibility

In addition to the inclusion of the compliance clause and the standardised terms, please ensure that the agreement with the Third Party includes the possibility for the HES contracting entity to terminate the agreement in the event of a material violation by the Third Party of the compliance clause.

Please contact the Chief Compliance Officer in case you have any questions regarding the clause itself or the implementation in a contract (compliance@hesinternational.eu).

Please find the standardised terms and the contract clause on the next page.

STANDARDISED TERMS TO BE INCLUDED IN THE AGREEMENT	
Export Controls	The laws and regulations of the EU, the Netherlands, any other EU Member State, the U.K., the U.S., and other applicable jurisdiction, regulating the trade, sale, supply, transfer, transit, brokering, export and/or re-export of certain goods, technologies and software.
Public Official	<p>Individual, regardless of rank or title, who is employed or appointed by or otherwise represents a public authority (political or non-political) or who otherwise discharges a public service mission. A public authority:</p> <ul style="list-style-type: none"> • is understood to be a national, state or local government office or agency, embassy, defence/military unit, state-owned enterprise, including any international governmental (e.g. EU, UN, NATO, OECD) or quasi-governmental (e.g. WTO, IMF) organisation; and • includes, for the avoidance of doubt, anyone who holds a judicial position of any kind, members of a royal family, any elected representative of any kind, employees of local authorities and government departments, employees of companies wholly owned by or controlled by a public body or otherwise any person holding public authority or who discharges a public service mission.
Sanctioned Country	Any country or territory that is, or whose government is, subject to comprehensive Sanctions imposed by the US (currently Cuba, Iran, North Korea, the Crimea region of Ukraine, Syria), EU or any relevant EU Member State.
Sanctioned Person	<p>At any time,</p> <p>A. Any individual, entity or vessel that is listed on any of the following sanctions lists:</p> <ol style="list-style-type: none"> 1. the United Nations Security Council’s “Consolidated United Nations Security Council Sanctions List”; 2. OFAC List of Specially Designated Nationals and Blocked Persons (SDN List), Foreign Sanctions Evaders List (FSE List), or Sectoral Sanctions Identifications List (SSI List); 3. the U.S. Commerce Department BIS’s Entity List, or Unverified List and Denied Persons List; or the U.S. Department of State’s lists of individuals and entities that have been designated pursuant to sanctions and/or non-proliferation statutes that it administers, as well as related executive orders;

	<ul style="list-style-type: none"> 4. the European Commission’s “Consolidated list of persons, groups and entities subject to EU financial sanctions” or individuals or entities that are listed in Annexes III, V or VI to EU Council Regulation 833/2014 (as amended); or 5. any other applicable sanctions list maintained by any of the competent sanctions authorities with prohibitions similar to the foregoing. <p>B. Any person, entity or vessel that is 50% or more owned or controlled, directly or indirectly, by any person (or persons in aggregate) identified in A. to the extent that such ownership or control results in such person being subject to the same restrictions as if such person were included in the corresponding list specified in A. or results in dealings with such person being deemed to be for the benefit of a person included in the corresponding list specified in A.</p> <p>C. Any individual or entity that is located, organized, or resident in an Embargoed Country and any vessel that is registered in an Embargoed Country or owned or controlled by an individual or entity that is located, organized, or resident in an Embargoed Country.</p> <p>D. Any individual, entity or vessel that is otherwise the target of Sanctions.</p> <p>E. Any individual or entity that is acting for or on behalf of any of the persons identified above.</p>
<p>Sanctions Lists</p>	<p>Any of the following:</p> <ul style="list-style-type: none"> a) the sanctions-related lists administered or maintained by the US Department of State or the US Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), including OFAC’s Specially Designated Nationals and Blocked Persons List, and OFAC’s Sectoral Sanctions Identifications (SSI) List; b) the United Kingdom’s “Consolidated List of Financial Sanctions Targets in the UK” (including both the version of the list covering “Asset Freeze Targets” and the version of the list covering “Investment Ban Targets”) as maintained by HM Treasury; c) the “Consolidated list of persons, groups and entities subject to EU financial sanctions” maintained by the EU Commission and/or any list of persons or entities designated as being subject to financial restrictions or an investment ban by way of EU regulation imposing Sanctions; d) the “Consolidated List” of individuals and entities subject to measures imposed by the United Nations Security Council; and/or

	e) any other sanctions-related list under any Sanctions as maintained by any other Relevant Jurisdiction.
Sanctions	<p>The sanctions laws, regulations, embargoes or restrictive measures against a country, government, person, entity, business or (partially owned or controlled) business, enacted, administered, or enforced by</p> <ul style="list-style-type: none"> • the EU; • the Netherlands; • any other EU Member State; • the UK; • the United States, including sanctions administered by OFAC or the U.S. Department of State, pursuant to the Foreign Assets Control Regulations (31 C.F.R. Parts 500-599) and other laws and regulations; • the United Nations Security Council; or <p>other jurisdictions, to the extent applicable, or the respective governmental authorities of any of the foregoing, including without limitation, the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), the U.S. Department of State’s Directorate of Defense Trade Controls, the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”), and the Council of the EU.</p>
Relevant Jurisdiction	The Netherlands, the United States of America, the United Kingdom, the European Union and its member states, and any other jurisdictions in which any of the [HES contracting entity] or the [Third Party] or any of their respective owners or group undertakings, are incorporated, resident or conduct business, or that is otherwise applicable to the transactions contemplated by this Agreement.

STANDARD COMPLIANCE CLAUSE TO BE INSERTED

1.	Sanctions
1.1	[Third Party] represents and warrants that, its shareholders with voting rights in excess of 5% and its directors are not Sanctioned Persons.

- 1.2 [Third Party] represents and warrants that its transactions involving the products as handled by [HES contracting entity] pursuant to this agreement shall not involve Sanctioned Persons and/or Sanctioned Countries and shall fully comply with Sanctions as applicable in the Relevant Jurisdictions.
- 1.3 If [Third Party]'s transactions involving the products as handled by [HES contracting entity] pursuant to this agreement require any licenses and authorizations pursuant to Sanctions, [Third Party] shall immediately notify [HES contracting entity] thereof. [Third Party] is responsible for obtaining such licenses and authorizations and shall provide [HES contracting entity] with copies thereof. Notwithstanding such licenses and authorizations, [HES contracting entity] shall be entitled to refuse its co-operation with such licensed or authorized transactions at its own discretion.
- 1.4 [Third Party] agrees to promptly provide notice to [HES contracting entity] if, at any time during this agreement, it becomes aware of any breach or potential breach of Sanctions, including but not limited to sub-sections 1.1 and 1.2, connected with the performance of this agreement or transactions involving the products.
2. **Export Controls**
- 2.1 [Third Party] represents and warrants that the products handled by [HES contracting entity] pursuant to this Agreement are not subject to Export Controls.
- 2.2 If, by way of exception to clause 2.1, the products are subject to Export Controls, [Third Party] shall:
- (a) immediately, in writing, inform [HES contracting entity] thereof, and;
 - (b) provide [HES contracting entity] with all relevant information concerning the regulatory status of the products under applicable Export Controls, such as, but not limited to, the relevant Export Controls Compliance Number, and;
 - (c) be responsible for obtaining such licenses and authorizations as are required for its transactions involving the products as handled by [HES contracting entity] pursuant to this agreement, and, in a timely manner and at no cost to the [HES contracting entity], provide [HES contracting entity] with copies thereof, including the applicable export license number and license as well as any applicable license exemptions and handling or distribution restrictions.
- 2.3 Notwithstanding section 2.2 of this clause, [HES contracting entity] is entitled to refuse its co-operation with any [Third Party] transactions involving

products subject to Export Controls in its own discretion.

- 2.4 [Third Party] agrees to promptly provide notice to [HES contracting entity] if, at any time during this agreement, it becomes aware of any actual or potential, past or present non-compliance with its obligations under section 2.2 of this clause.

Other

3. The [Third Party] represents and warrants that, in the performance of this Agreement [and/or the [Services] under this agreement]], it and all of its affiliates, directors, officers, employees or sub-contractors will comply with all applicable laws, rules, regulations or similar instruments including relating to anti-bribery and corruptions, anti-money laundering and competition law.

For the purpose of clarity:

- (a) [Third Party] it, its directors and employees, and anyone acting on its behalf, have not paid and will not pay, during the [term of this Agreement, or, if different, during the period of time from the date on which this Agreement is signed until this Agreement is terminated], any bribe or given any payment or benefit to any person in order to influence any person improperly;
- (b) [Third Party] it, its directors and employees, have not solicited or received any payment or benefit and will not solicit or accept any payment or benefit in connection with acting improperly;
- (c) [Third Party] it, its directors and employees, and anyone acting on its behalf, will not make any payments, or offer any benefits to any Public Official, and no Public Official has received, or will, directly or indirectly, receive any advantage or benefit as a consequence of [this Agreement], except for payments or benefits which are authorised or permitted by written applicable law.
4. [Third Party] agrees to promptly provide notice to [HES contracting entity] if, at any time during this agreement, it becomes aware of any breach or potential breach of compliance, including but not limited to section 3, connected with the performance of this agreement or transactions involving the products
5. [Third Party] will not delegate any right or obligation under this Agreement or otherwise engage any sub-adviser or agent in relation to the [Services], without the prior written approval of [HES contracting entity], and, if obtained HES' approval, will ensure that any such engagement is set out in a written agreement which incorporates all material terms of this clause regarding conduct, compliance, confidentiality and representations and warranties, and that [HES contracting entity] shall be a third party beneficiary of, and entitled to enforce, such provisions.

6. [Third Party] has established processes and maintains policies and procedures to prevent non-compliance with regulations outlines in section 1 through 3 of this clause.
7. [Third Party] shall maintain adequate records in order to document and verify its compliance with above sections. If [HES contracting entity] reasonably believes or suspects that [Third Party] is in breach of its representations and warranties under the Agreement, and in any case of this clause, [Third Party] shall allow [HES contracting entity] to audit, access and take copies of such books and records of [Third Party] as may be reasonably required in order to verify [Third Party's] compliance with its representations and warranties under this Agreement, and specifically this clause, and [Third Party] shall provide [HES contracting entity] with all reasonable co-operation, access and assistance in relation to such audit.
8. [Third Party] agrees to indemnify [HES contracting entity] and its affiliates for any and all costs, penalties, fines, claims, damages, and [HES contracting entity]'s attorney's fees and expenses arising out of or caused by any non-compliance of [Third Party] with this section 1 through 6 and its sub-sections. [Third Party] also waives all rights of recourse against [HES contracting entity] and its affiliates for any such event.
9. Any breach of [Third Party]'s obligations pursuant to section 1 through 6 and any of its sub-sections is a breach incapable of remedy and entitles [HES contracting entity] to terminate this Agreement, and any other agreements [HES contracting entity] may have with [the Third Party] with immediate effect. Any material breach of the representations and warranties of section 3 will entitle [HES contracting entity] to terminate this Agreement with immediate effect.

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Annex B

False Positive Review Form

In accordance with HES Sanctions and Export Controls Compliance Policy, this form must be filled in in the event sanctions screening has resulted in a hit, which is the expectation that this is hit is actually a False Positive.

This form must be filled in and signed and submitted to your local compliance officer or the Chief Compliance Officer to e-mail (compliance@hesinternational.eu) .

Name employee:	
Job title:	
Date:	

False Positive Review Form	
Details of Third Party	
Details of the Third Party:	[Name] [Address] [Date of incorporation] [Country of incorporation] [Identification numbers]
Brief description of the relationship with the Third Party:	
Date on which the screening took place:	

Has a previous screening on this Third Party been undertaken?	
What was the outcome of a previous screening on this Third Party?	
Details of the screening	
State the screening details.	
What was the reason for the screening to generate an alert?	
What is the reason to expect the alert to be a False Positive?	
Other information relevant for this review.	
State the documents relevant for this review.	

Annex C

Reporting Form

This form must be filled in and signed and submitted to your local compliance officer or the Chief Compliance Officer to e-mail (compliance@hesinternational.eu).

HES does not tolerate any retaliation against any person making a report in good faith. Any form of such retaliation will be seen as a violation of this Policy and the Code of Conduct.

Your report will be treated confidentially.

Name employee:	
Job title:	
Date:	

Report	
Details of situation	
Brief description of the situation:	
Date on which the situation took place:	
Location where situation took place:	
Related HES Policy:	
What did you do when you became aware of the situation:	[Describe if have consulted someone or already reported this to someone. Also describe if you have approached the persons involved.]

Additional information for consideration	[indicate if you believe any information relevant to this gift (e.g. perception of improper gift; any upcoming new business or tender; cultural interpretations relevant)]
Evidence of written pre-approval (where necessary)	
Details of persons involved	
Name of external person and/or company involved:	
Name of internal person(s) (HES Personnel) involved:	
Name any persons aware of the situation:	